



File

CITY SAVINGS & TRUST COMPANY
ANNUAL REPORT 1966

CITY SAVINGS & TRUST COMPANY

DIRECTORS

The Honourable Senator David A. Croll, Q.C., *Chairman of the Board*
Croll & Borins, Toronto, Ontario

Samuel Belzberg, B.Com., *President*
Edmonton, Alberta

Joseph H. Shoctor, Q.C.
Shoctor, Kennedy & Cohen, Edmonton, Alberta

William Belzberg, *Vice-President*
Calgary, Alberta

W. Bernard Herman, Q.C.
Chairman of the Board – City Parking Limited, Toronto, Ontario

Hyman Belzberg
Vice-President – City Investment Corp. Limited, Calgary, Alberta

The Honourable Senator Allister Grosart
Toronto, Ontario

OFFICERS

Hon. David A. Croll, Q.C., *Chairman of the Board*

Samuel Belzberg, B.Com., *President*

William Belzberg, *Vice-President*

Joseph H. Shoctor, Q.C., *Secretary*

AUDITORS

Deloitte, Plender, Haskins & Sells, *Chartered Accountants*

BANKERS

The Royal Bank of Canada

The Toronto-Dominion Bank

The Canadian Imperial Bank of Commerce

HEAD OFFICE

McLeod Building, Edmonton

BRANCH OFFICES

Edmonton – McLeod Building – 429-4811

Calgary – 336 7th Avenue S.W., – 266-8851

Winnipeg – 369 Portage Avenue – 947-1543

Victoria – 1306 Douglas Street – 383-4141

Regina – 1759 Scarth Street – 522-2691

DIRECTORS' REPORT TO THE SHAREHOLDERS

The company has reason to be proud of its record of accomplishment again this year and of the steady continuation of the year-by-year growth reflected in previous annual reports. For the year 1966 we have shown a net profit of 94¢ a share while at the same time gradually broadening the base of public ownership of the company's shares.

On a nation-wide comparative basis, I am able to report that our progress by both short and long term standards has been considerably better than the industry average of the newer trust companies, and not surpassed by any of them.

LIQUIDITY OF INVESTMENTS

Our present sound financial position is due in the main to the policy of prudently careful investments and high liquidity which we have consistently maintained. It has more than justified itself in the general climate of the money-markets of the last year. We are fortunate, too, in the preference shown by our shareholders for corporate growth rather than quick yield. Our depositors and other customers have endorsed that principle of doing business by their continued confidence, as demonstrated by the status of individual accounts in all branches and the 34.2% rise in the Guaranteed Account as reported by the President.

CONSOLIDATION FOR PROGRESS

In one aspect, this has been a year of consolidation for the company. Bearing in mind the successful operation of the new branches which we opened last year in Regina and Victoria, we felt it was prudent to pause for a year to consolidate our position in all branches. Events have proved the wisdom of this decision. We are today being presented with opportunities to expand in many parts of Canada which we could not have anticipated even a year ago. We are examining these with

care and caution and with the knowledge that any expansion or undertaking we decide to enter into will be from a position of strength.

FEDERAL DEPOSIT INSURANCE

For a company such as ours, some of the developments of 1966 in the trust company field in Canada, could well make 1967 an epocal year. In the Directors' Report for 1965, just a year ago, I ventured what might then have been regarded as a visionary suggestion for a national system of federal government deposit insurance. After discussing the desirability of a uniform system of government inspection for all trust companies, I went on to say:

"Indeed, I would go a step farther and urge consideration of the adoption of the system in vogue in the United States under which the investments of depositors up to a reasonable limit are secured by government guarantee. I believe this would be a forward and progressive step that would greatly increase Canadian investment in Canadian business expansion and at the same time channel that investment into the most productive areas of national growth."

CO-OPERATION WITH OTHER COMPANIES

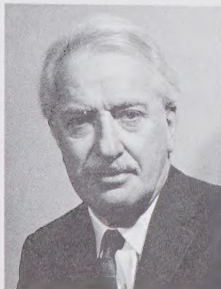
That suggestion met with immediate response from some of the other trust companies and we associated ourselves with a group of a dozen or so of these companies in presenting the case for Deposit Insurance to the Minister of Finance, and to the House of Commons Committee on Finance, Trade and Economic Affairs. We worked together as a group throughout the year on this and other matters affecting the well-being of our business, including the important matter of access to government sources of official funds as an ultimate lender in certain circumstances. Success came rather quickly so that it is with considerable satisfaction that I welcome the decision of the federal government to establish

the Deposit Insurance Corporation to insure deposits of chartered banks and trust companies up to \$20,000 and to provide to trust companies ultimate lender facilities, similar in many respects to those enjoyed by the banks.

The co-operation of the provincial governments is a necessary requirement for provincially incorporated companies. This has been forthcoming in full measure by the province in which our company is incorporated (Alberta). We can take pride in the part we played in bringing about these measures which will be to our corporate advantage, in that trust companies are now brought under the same federal protective umbrella as the chartered banks thus creating an enhanced climate of public confidence in both types of financial institutions.

EXPANSION POLICY

Our shareholders will know that it has been our company's policy from the beginning to develop step by step into a national trust company doing business in all ten provinces. We have built a sound foundation in four provinces, Alberta, British Columbia, Saskatchewan and Manitoba. We shall continue in due course to expand into other provinces with the same caution and concern that has been exercised to date. There can be no doubt, however, that the fact of federal Deposit Insurance will make the opening of new doors for us more immediately practical than it might otherwise have been.



Chairman of the Board
THE HONOURABLE SENATOR DAVID A. CROLL, Q.C.
Croll & Borins,
Toronto, Ontario.

ROLE OF DIRECTORS

In addition to the activities already mentioned, your Directors have kept in close and constant touch with the company's affairs throughout the year. Each director has received detailed weekly reports of the flow of business in the branches and of changes in the general portfolio and the state of mortgage investments. Frequent meetings have been held and visits have been made to branch offices. We have received encouraging first hand reports on the work being done by management and staff and are particularly impressed with the development of a spirit of company loyalty which is so essential to the success of a company such as ours. Slowly our staff is becoming seasoned and our administration and management is improving.

In the light of the experiences and developments of 1966 both within the company and in the Canadian financial community generally, I look forward to some important additions to our corporate structure in 1967, and express my sincere thanks and congratulations to all who have helped to build the sound foundation on which such further progress is now both practical and possible.

A handwritten signature in dark ink, appearing to read 'David A. Croll', written over a horizontal line.

CHAIRMAN OF THE BOARD

PRESIDENT'S REPORT TO THE SHAREHOLDERS

It is with pleasure that I submit to you our Annual Report for the year ended December 31, 1966. Once again I can report that we have shown good growth and good profit. This was accomplished by the combined efforts of all personnel in the various departments and branches.

Our Chairman, the Hon. Senator Croll, in his report has well covered the many aspects of our affairs and I will only report to you on the various statistics arising out of the Statement and comment briefly on our investments.

FINANCIAL

Our Balance Sheet and other financial statements being presented to you illustrate the nature and extent of the year's growth in the main growth categories:

The Guaranteed Account, comprising Demand Deposits and Guaranteed Investment Certificates, reached the \$20 million mark for the first time at the end of the fiscal year, achieving an increase of 34.2% over a year ago.

The Profit per share amounted to 94¢ compared with 90¢ in 1965. We increased our issued capital during the year through the sale of 6,300 shares and expect to sell additional shares to the public in 1967. This will enable us to take advantage of new investment opportunities including the opening of two presently projected new branches to add to the existing five in Victoria, Edmonton, Calgary, Regina and Winnipeg.

THE COMPANY'S INVESTMENTS

Our investment policy continues to be cautious and conservative. The current portfolio is

distributed in the following manner: 9% in Cash and monies due from Chartered Banks; 15% in Government bonds and notes; 17% in Corporate bonds and stocks; and 59% in mortgage investments.

Once again it is a pleasure to report that the Officers and Management Committee have had the fullest co-operation from the Directors, Advisors, Branch Managers and their staff and, last but not least, the Head Office personnel. I feel that we are creating a company team that is serving both the public and our shareholders faithfully and well. It is a foundation on which we will be able to build the kind of competent corporate staff structure that will enable us to meet the challenges of steady expansion of our business in our present locations and in new areas as circumstances and opportunities afford.

As I look back over the past few years of our business, I am satisfied that we have established a firm base for further well-paced expansion. Each year we have added substantially to our branches, staff, customers, Assets under Administration, Profits and Reserves. I feel certain that we shall continue to do even better in the year and years ahead. On your behalf I wish to express my thanks to our staff for the loyal and efficient manner in which all have carried out their responsibilities. To our shareholders and to our depositors and clients our thanks for their support and the business with which we are being favoured.

Samuel Behlberg

PRESIDENT.

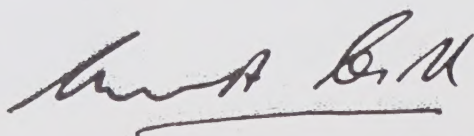
CITY SAVINGS & TRUST

BALANCE SHEET AS OF DECEMBER 31, 1966

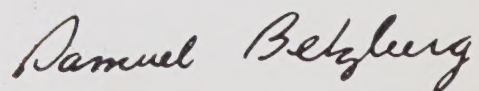
(with 1965 figures in parentheses)

ASSETS	1966	1965
CASH	\$ 274,985	\$ 289,588
DUE FROM CHARTERED BANKS	1,730,997	794,103
INVESTMENTS:		
Securites (Note 1):		
Government bonds and notes	3,361,014	4,113,882
Corporate bonds and notes	2,790,657	3,435,672
Stocks	891,094	621,091
	<u>7,042,765</u>	<u>8,170,645</u>
Mortgages and secured loans	11,722,298	6,248,031
Total investments	<u>18,765,063</u>	<u>14,418,676</u>
Total cash and investments	<u>20,771,045</u>	<u>15,502,367</u>
ACCOUNTS RECEIVABLE:		
Brokers	98,310	33,799
Other	133,336	182,081
PREPAID EXPENSES	58,165	39,972
PREMISES, OFFICE EQUIPMENT AND FURNISHINGS -		
at cost less accumulated depreciation	528,199	485,284
DEFERRED EXPENSES - at cost less amounts		
written off (Note 2)	<u>235,421</u>	<u>188,417</u>
TOTAL ASSETS	21,824,476	16,431,920
ESTATES, TRUSTS AND AGENCIES:		
Securities, cash and other assets - at nominal		
or clients' values	<u>51,708,073</u>	<u>44,995,596</u>
TOTAL ASSETS UNDER ADMINISTRATION	<u>\$73,532,549</u>	<u>\$61,427,516</u>

SIGNED ON BEHALF OF THE BOARD



Director



Director

CITY
TRUST

TRUST COMPANY

DECEMBER 31, 1966

(for comparison)

LIABILITIES AND SHAREHOLDERS' EQUITY	1966	1965
GUARANTEED ACCOUNT:		
Savings deposits.....	\$ 6,993,257	\$ 5,347,674
Investment certificates.....	12,949,493	9,561,395
Total guaranteed account.....	<u>19,942,750</u>	<u>14,908,069</u>
ACCOUNTS PAYABLE:		
Brokers.....	136,630	9,978
Other.....	90,010	64,197
Total accounts payable.....	<u>226,640</u>	<u>74,175</u>
Total liabilities.....	<u>20,169,390</u>	<u>14,983,244</u>
SHAREHOLDERS' EQUITY:		
Capital stock (Note 4):		
Authorized - 500,000 shares of a par value of \$10 each		
Issued and fully paid - 100,311 shares		
(6,311 shares issued for cash in 1966).....	1,003,110	940,000
Contributed surplus:		
Capital premium reserve fund.....	250,778	235,000
Surplus.....	401,198	273,676
Total shareholders' equity.....	<u>1,655,086</u>	<u>1,448,676</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	21,824,476	16,431,920
ESTATES, TRUSTS AND AGENCIES:		
Estates, trusts and agencies under administration.....	<u>51,708,073</u>	<u>44,995,596</u>
TOTAL LIABILITIES FOR ASSETS		
UNDER ADMINISTRATION.....	<u>\$73,532,549</u>	<u>\$61,427,516</u>

The attached notes are an integral part of the financial statements.

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1966

(with 1965 figures for comparison)

	1966	1965
REVENUE.....	\$ 1,741,618	\$ 1,187,722
EXPENSE.....	1,579,336	1,080,784
INCOME BEFORE DEDUCTING THE UNDERNOTED ITEMS..	162,282	106,938
DEPRECIATION AND AMORTIZATION.....	67,630	26,938
	94,652	80,000
INCOME TAXES (RECOVERABLE) – (Note 3).....	—	(4,841)
NET INCOME FOR THE YEAR.....	<u>\$ 94,652</u>	<u>\$ 84,841</u>

STATEMENT OF SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1966

(with 1965 figures for comparison)

	1966	1965
BALANCE AT BEGINNING OF THE YEAR.....	\$ 273,676	\$ 118,835
NET INCOME FOR THE YEAR.....	94,652	84,841
	368,328	203,676
PREMIUM ON ISSUE OF SHARES – less commissions.....	48,648	105,000
	416,976	308,676
DEDUCT:		
Transfer to capital premium reserve fund.....	15,778	35,000
BALANCE AT END OF THE YEAR.....	<u>\$ 401,198</u>	<u>\$ 273,676</u>

The attached notes are an integral part of the financial statements

AUDITORS' REPORT

To the Shareholders of
City Savings & Trust Company:

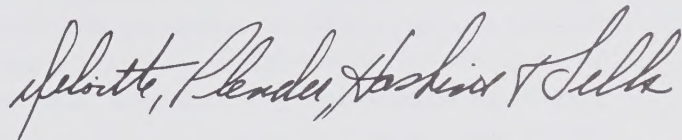
We have examined the balance sheet of City Savings & Trust Company as at December 31, 1966 and the statements of income and surplus for the year ended on that date and have obtained all the information and explanations we have required. As part of our examination, which included a general review of accounting procedures and such tests of accounting records as we considered necessary in the circumstances; we verified the cash, bank balance and securities of the company.

Clients' accounts and guaranteed funds are kept separate from the company's own funds and are so earmarked in the books of the company as to show the accounts to which they belong.

In our opinion, and according to the best of our information and explanations given to us and as shown by the books of the company, the accompanying balance sheet and statements of income and surplus present fairly and truly the state of the affairs of the company as at December 31, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied, on a basis consistent with that of the preceding year.

All transactions of the company that have come within our notice have been within the powers of the company, except as explained by Note 3 to the financial statements.

Edmonton, Alberta
February 24, 1967.



DELOITTE, PLENDER, HASKINS & SELLS
Chartered Accountants

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1966

1. Securities

The investments in securities are recorded at amortized cost plus accrued interest and dividends. The aggregate market value totals \$6,397,155.

Mortgages and secured loans are recorded at cost plus accrued interest less repayments thereon.

2. Deferred Expenses

Includes costs of opening branch offices, advertising and gift expense pertaining to the acquisition of new business and incorporation and registration fees. These expenses are being amortized over a five year period.

3. Investments

During the year, the company made an unauthorized investment which was disposed of at a profit.

4. Capital Stock

The company has set aside 25,000 shares for employees' stock options. The options are exercisable until June 14, 1970 at a price not less than 85% of the market value of the shares at the date the option is granted. To date no options have been exercised.

5. Income Taxes

No provision is made for income taxes because certain expenses deferred in the accounts have been claimed as a deduction from income in computing income taxes.

TRUST SERVICES

SAVINGS DEPOSIT ACCOUNTS

A Savings Deposit Account is particularly recommended for those persons wishing to accumulate regular deposits for a specific purpose. Money on deposit cannot be withdrawn by cheque – this makes it easier to save! Money can be withdrawn when required by writing to your City Trust branch, or by personal withdrawal at the counter. This account pays high interest of 5% on the minimum monthly balance.

SAVINGS CHEQUING ACCOUNTS

Savings Chequing Accounts are ideally suited to those persons who prefer to pay their bills by cheque, thereby having proof of payment in the form of cancelled cheques. The convenience of paying bills by mail has made this type of account very popular, particularly when there is no charge for the chequing privileges. In addition, funds on deposit earn interest at 4½% on the minimum six month balance.

GUARANTEED INVESTMENT CERTIFICATES

Guaranteed Investment Certificates are issued in any denomination in excess of \$100.00 for terms of one up to five years. Interest accrues on a daily basis from the date of deposit, and may be paid quarterly, semi-annually, or compounded annually and paid at maturity. Although the certificates are to be held for the full term selected, in the event of death of the registered holder the principal and accrued interest are paid on demand to his or her estate on application by the executor. 6½% interest paid on Guaranteed Investment Certificates for terms of 4 or 5 years, 6¾% for 2 or 3 years, 6¼% for 1 year.

GUARANTEED GROWTH CERTIFICATES

These certificates are for the person who wants to let his savings grow. A certificate guaranteed by City Trust can be purchased for only \$54.64 today and can be cashed in ten short years for \$100.00, a growth of 83%. These certificates can be cashed at any time after the first six months for the amount of the original investment plus the growth money applicable at the time of cashing. Certificates only available in multiples of \$54.64.

SHORT TERM DEPOSITS

Short Term Deposits are issued in any denomination in excess of \$4,000.00 for terms of 1 to 364 days and accrue interest on a daily basis from the date of deposit. Both principal and interest are guaranteed for the term of the deposits. Current rates are available on request. Ideally suited for the temporary investment of trust funds and excess working capital for short periods of time. Short term deposits are also legal investments for trustees in the provinces of Alberta, Manitoba, Saskatchewan and British Columbia.

The foregoing are legal investments for trustees in the Provinces of Alberta, Manitoba, Saskatchewan and British Columbia. The Company is a Member of The Canada Deposit Insurance Corporation.

REAL ESTATE

City Trust operates a complete real estate service, acting as agents for the purchase, sale or leasing of industrial, commercial or residential properties. Special services include land assembly, appraising for estate purposes and locating properties for clients.

MORTGAGE LOANS

City Trust is actively engaged in advancing mortgage loans on the security of industrial, commercial and residential properties throughout Western Canada. City Trust is an approved lender for the purposes of making loans under the National Housing Act, 1954 and offers, both as principal and agent, every possible type of mortgage financing at competitive rates and terms. Complete mortgage placement facilities and servicing are available to clients and experienced personnel provide prompt courteous attention to all enquiries.

PROPERTY MANAGEMENT

City Trust presently administers income producing properties valued in excess of 30 million dollars and specializes in the renting, leasing and servicing of industrial, commercial and residential properties. A complete management and accounting service is offered for the convenience of clients.

REGISTERED RETIREMENT SAVINGS PLANS

The Income Tax Act makes special provision whereby an individual can defer the payment of income taxes and, at the same time, provide savings for retirement. Contributions to the legal maximum may be deducted for income tax purposes. City Trust invests these contributions at maximum interest to ensure the best return. These plans are particularly recommended for persons in the higher income brackets.

EXECUTOR OF WILLS

As Executor of your Will, City Trust will ensure that your wishes are carried out in the manner intended without interruption and at moderate cost to your Estate. City Trust will also act as Co-executor with a person of your choice and make all its facilities available to individual executors and administrators on request. Regular reports are made to those concerned.

INVESTMENT MANAGEMENT

If you own marketable securities, mortgages or other investments and lack the time or experience to manage them efficiently you may obtain either a full management or limited advisory service from any office of City Trust. In either case, your investments are under the careful supervision of an investment committee composed of experienced officers. Safe custody of securities is provided as part of this service.

TRANSFER AGENT AND REGISTRAR

City Trust offers a complete transfer agent and registrar service for public companies. This service includes the receipt and issuance of certificates, maintenance of share registers, mailing daily reports, prompt preparation of shareholders lists, and addressing and mailing notices of meetings and proxy forms. Experienced personnel and modern facilities assure full compliance with legal and accounting requirements. Related services include dividend disbursing agent, depositor, scrutineer at shareholders' meetings, pool trustee and escrow agent.

CORPORATE TRUST SERVICES

City Trust offers every kind of Corporate Trust Service available to Corporations, Brokers and Governmental Agencies. As Trustee, Fiscal or Paying Agent, Corporate Depository or Agent in other specialized capacities City Trust can effect many savings through the use of Dominion wide facilities and trained personnel.



1966

CITY SAVINGS & TRUST COMPANY

REPORT TO THE SHAREHOLDERS
AND
FINANCIAL STATEMENTS

DECEMBER 31, 1966

DELOITTE, PLENDER, HASKINS & SELLS

DELOITTE, PLENDER, HASKINS & SELLS
CHARTERED ACCOUNTANTS

MONTREAL	OSHAWA	TORONTO	HAMILTON
WINDSOR	WINNIPEG	REGINA	CALGARY
EDMONTON	PRINCE GEORGE	VANCOUVER	

602 BANK OF MONTREAL BUILDING
EDMONTON, CANADA

ASSOCIATED FIRMS IN UNITED STATES OF AMERICA, GREAT
BRITAIN AND OTHER COUNTRIES THROUGHOUT THE WORLD.

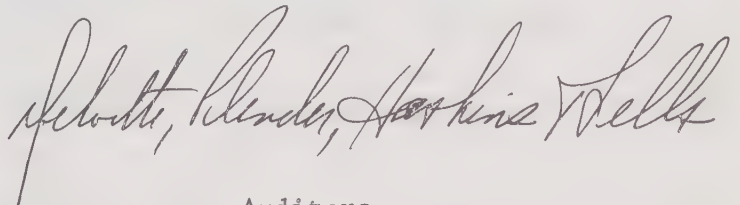
To the Shareholders of
City Savings & Trust Company:

We have examined the balance sheet of City Savings & Trust Company as at December 31, 1966 and the statements of income and surplus for the year ended on that date and have obtained all the information and explanations we have required. As part of our examination, which included a general review of accounting procedures and such tests of accounting records as we considered necessary in the circumstances; we verified the cash, bank balances and securities of the company.

Clients' accounts and guaranteed funds are kept separate from the company's own funds and are so earmarked in the books of the company as to show the accounts to which they belong.

In our opinion, and according to the best of our information and explanations given to us and as shown by the books of the company, the accompanying balance sheet and statements of income and surplus present fairly and truly the state of the affairs of the company as at December 31, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied, on a basis consistent with that of the preceding year.

All transactions of the company that have come within our notice have been within the powers of the company, except as explained by Note 3 to the financial statements.



February 24, 1967.

Auditors.

CITY SAVINGS & TRUST COMPANY

BALANCE SHEET AS AT DECEMBER 31, 1966
(with 1965 figures for comparison)

<u>ASSETS</u>			<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
	<u>1966</u>	<u>1965</u>		<u>1966</u>	<u>1965</u>
CASH.....	\$ <u>274,985</u>	\$ <u>289,588</u>	GUARANTEED ACCOUNT:		
DUE FROM CHARTERED BANKS.....	<u>1,730,997</u>	<u>794,103</u>	Savings deposits.....	\$ <u>6,993,257</u>	\$ <u>5,347,674</u>
INVESTMENTS:			Investment certificates.....	<u>12,949,493</u>	<u>9,561,395</u>
Securities (Note 1):			Total guaranteed account.....	<u>19,942,750</u>	<u>14,909,069</u>
Government bonds and notes.....	3,361,014	4,113,882	ACCOUNTS PAYABLE:		
Corporate bonds and notes.....	<u>2,790,657</u>	<u>3,435,672</u>	Brokers.....	136,630	9,978
Stocks.....	<u>891,094</u>	<u>621,091</u>	Other.....	<u>90,010</u>	<u>64,197</u>
Mortgages and secured loans.....	<u>7,042,765</u>	<u>8,170,645</u>	Total accounts payable.....	<u>226,640</u>	<u>74,175</u>
	<u>11,722,298</u>	<u>6,248,031</u>	Total liabilities.....	<u>20,169,390</u>	<u>14,983,244</u>
Total investments.....	<u>18,765,063</u>	<u>14,418,676</u>	SHAREHOLDERS' EQUITY:		
Total cash and investments..	<u>20,771,045</u>	<u>15,502,367</u>	Capital stock (Note 4):		
ACCOUNTS RECEIVABLE:			Authorized - 500,000 shares of a par		
Brokers.....	98,310	33,799	value of \$10 each		
Other.....	<u>133,336</u>	<u>182,081</u>	Issued and fully paid - 100,311 shares		
PREPAID EXPENSES.....	58,165	39,972	(6,311 shares issued for cash in 1966).....	1,003,110	940,000
PREMISES, OFFICE EQUIPMENT AND FURNISHINGS - at cost			Contributed surplus:		
Less accumulated depreciation.....	<u>528,199</u>	<u>485,284</u>	Capital premium reserve fund.....	250,778	235,000
DEFERRED EXPENSES - at cost less amounts			Surplus.....	<u>401,198</u>	<u>273,676</u>
written off (Note 2).....	<u>235,421</u>	<u>188,417</u>	Total shareholders' equity...	<u>1,655,086</u>	<u>1,448,676</u>
TOTAL ASSETS.....	<u>21,824,476</u>	<u>16,431,920</u>	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.	<u>21,824,476</u>	<u>16,431,920</u>
ESTATES, TRUSTS AND AGENCIES:			ESTATES, TRUSTS AND AGENCIES:		
Securities, cash and other assets - at nominal			Estates, trusts and agencies under		
or clients' values.....	<u>51,708,073</u>	<u>44,995,596</u>	administration.....	<u>51,708,073</u>	<u>44,995,596</u>
TOTAL ASSETS UNDER ADMINISTRATION.....	<u>\$73,532,549</u>	<u>\$61,427,516</u>	TOTAL LIABILITIES FOR ASSETS UNDER ADMINISTRATION	<u>\$73,532,549</u>	<u>\$61,427,516</u>

The attached notes are an integral part of the financial statements.

CITY SAVINGS & TRUST COMPANY

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1966
(with 1965 figures for comparison)

	<u>1966</u>	<u>1965</u>
REVENUE.....	\$1,741,618	\$1,187,722
EXPENSE.....	<u>1,579,336</u>	<u>1,080,784</u>
INCOME BEFORE DEDUCTING THE UNDERNOTED ITEMS.....	162,282	106,938
DEPRECIATION AND AMORTIZATION.....	<u>67,630</u>	<u>26,938</u>
	94,652	80,000
INCOME TAXES (RECOVERABLE) - (Note 3).....	<u>-</u>	<u>(4,841)</u>
NET INCOME FOR THE YEAR.....	<u>\$ 94,652</u>	<u>\$ 84,841</u>

STATEMENT OF SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1966
(with 1965 figures for comparison)

	<u>1966</u>	<u>1965</u>
BALANCE AT BEGINNING OF THE YEAR.....	\$273,676	\$118,835
NET INCOME FOR THE YEAR.....	<u>94,652</u>	<u>84,841</u>
	368,328	203,676
PREMIUM ON ISSUE OF SHARES - less commissions.....	<u>48,648</u>	<u>105,000</u>
	416,976	308,676
DEDUCT:		
Transfer to capital premium reserve fund.....	<u>15,778</u>	<u>35,000</u>
BALANCE AT END OF THE YEAR.....	<u>\$401,198</u>	<u>\$273,676</u>

The attached notes are an integral part of the financial statements.

CITY SAVINGS & TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1966

1. Securities

The investments in securities are recorded at amortized cost plus accrued interest and dividends. The aggregate market value totals \$6,397,155.

Mortgages and secured loans are recorded at cost plus accrued interest less repayments thereon.

2. Deferred Expenses

Includes costs of opening branch offices, advertising and gift expense pertaining to the acquisition of new business and incorporation and registration fees. These expenses are being amortized over a five year period.

3. Investments

During the year, the company made an unauthorized investment which was disposed of at a profit.

4. Capital Stock

The company has set aside 25,000 shares for employees' stock options. The options are exercisable until June 14, 1970 at a price not less than 85% of the market value of the shares at the date the option is granted. To date no options have been exercised.

5. Income Taxes

No provision is made for income taxes because certain expenses deferred in the accounts have been claimed as a deduction from income in computing income taxes.

City Savings & Trust Company

MCLEOD BUILDING

EDMONTON, ALBERTA, CANADA

5

8 March, 1967.

The Globe & Mail,
140 King Street West,
Toronto, Ontario.

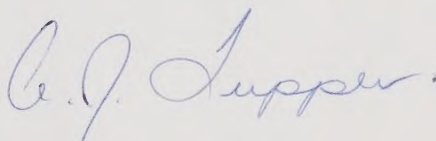
Attention: Mr. J. Scott,
R.O.B. Department.

Dear Sirs:

As requested by telephone today, we are enclosing for your information the audited Financial Statements of the Company as of December 31, 1966 and a comparison of the figures for the years 1965 and 1966.

We will be pleased to send you a copy of our 1966 Annual Report as soon as it is available.

Yours very truly,



A. J. Tupper (Mrs.).

Enclosures - 2

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CITY SAVINGS & TRUST COMPANY

	<u>1966</u>	<u>1965</u>	<u>Increase</u>
Guaranteed Account	\$19,942,750	\$14,909,069	33.8%
Assets under Administration	73,532,549	61,427,516	19.7%
Revenue	1,741,618	1,187,722	46.6%
Net Income after Depreciation and Income Tax	94,652	84,841	11.6%
Number of Shares Outstanding	100,311	94,000	6.7%
Earned per Share	94¢	90¢	4.4%

